

## MEMORANDUM

**To:** CalPERS  
**From:** Roz Hewsenian, Wilshire Associates  
Al Kim, CFA, Wilshire Associates  
**Subject:** Permissible Equity – Remonstrations Results  
**Date:** April 3, 2006

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In response to the Exposure Draft of the 2006 Permissible Equity Markets Investment Analysis, three countries (the Philippines, South Africa and Taiwan) filed remonstrations at the beginning of March, though Taiwan's remonstrations failed to meet the deadline as outlined in the Permissible Equity Policy. One country (Thailand) requested Wilshire's assistance in following up with one of the third party sources utilized in the report. In each of these cases, Wilshire forwarded all of the remonstrations materials to the necessary third party sources and put the country representatives in touch with the appropriate contacts at these firms.

Upon reviewing the information submitted in the remonstrations, none of the third party sources changed their evaluations of these countries. Therefore, all of the country, macro-factor, and sub-factor scores (and thus the resulting Permissible Country List) in the Exposure Draft of the 2006 Permissible Equity Markets Investment Analysis will remain unchanged. The finalized summary sheet of the country ratings is shown on the following page, and the finalized version of the 2006 report is attached to this memo.

**Permissible Equity Markets Investment Analysis**  
**April 2006**  
**Overall Summary**

		Country Factors			Market Factors							
		(1)	(2)	(3)	(4)	(5)	(6)	(7)				
		Weights	16.7%	16.7%	16.7%	12.5%	12.5%	12.5%			12.5%	100%
		Subtotal Weights	50%			50%					100%	
		Political Stability Score	Productive Labor Transparency Score	Productive Labor Practices Score	Market Liquidity and Volatility Score	Market Regulation/ Legal System/ Investor Protection Score	Capital Market Openness Score	Settlement Proficiency/ Transaction Costs Score	2006 Score	Cumulative Mkt Cap as a % of Total Mkt Cap*		
1	Hungary	2.7	2.7	3.0	2.7	2.3	2.7	3.0	2.7	0.96%		
2	Poland	2.7	2.7	3.0	2.7	2.3	2.7	2.0	2.6	2.79%		
3	Chile	3.0	2.7	2.3	2.7	2.7	2.7	2.0	2.6	5.40%		
4	Czech Republic	2.7	2.7	2.7	2.7	1.7	3.0	2.3	2.6	6.52%		
5	Taiwan	3.0	2.7	2.0	3.0	2.3	2.7	2.0	2.5	19.53%		
6	South Korea	2.3	3.0	2.3	3.0	3.0	2.0	2.0	2.5	36.54%		
7	Israel	2.0	2.7	2.7	2.3	2.7	2.7	2.3	2.5	39.17%		
8	South Africa	2.0	3.0	2.3	2.7	2.7	2.3	1.7	2.4	48.49%		
9	Brazil	1.7	2.7	1.7	2.7	2.3	1.7	3.0	2.2	58.94%		
10	Mexico	2.0	2.3	2.0	2.7	2.0	2.0	2.7	2.2	65.41%		
11	Jordan	2.0	2.3	1.7	3.0	1.0	2.3	3.0	2.2	66.34%		
12	Thailand	1.7	2.3	1.7	3.0	2.3	1.7	2.7	2.2	69.07%		
13	Peru	1.3	2.3	2.3	2.7	1.7	2.3	2.7	2.2	69.28%		
14	Philippines	1.3	2.7	2.0	2.0	3.0	1.7	2.3	2.1	69.99%		
15	Indonesia	1.7	2.3	1.3	2.7	2.3	2.0	2.3	2.0	71.48%		
16	Argentina	1.7	2.3	2.7	1.7	2.0	2.0	1.3	2.0	72.26%		
17	Turkey	1.7	2.3	1.7	2.0	1.7	2.3	2.3	2.0	75.83%		
18	India	1.7	2.7	1.0	3.0	2.3	1.0	2.3	2.0	88.03%		
19	Malaysia	2.3	2.3	1.0	3.0	2.0	1.3	2.0	2.0	91.98%		
20	Morocco	1.7	2.0	1.3	2.7	2.0	2.0	2.0	1.9	92.40%		
21	Russia	1.0	2.0	1.7	3.0	2.0	1.3	2.3	1.9	97.65%		
22	Pakistan	1.0	1.7	1.0	3.0	2.3	1.7	2.7	1.8	97.97%		
23	Egypt	1.3	1.7	1.7	2.3	1.3	1.7	3.0	1.8	98.93%		
24	Sri Lanka	1.3	2.0	1.7	2.3	1.7	1.7	2.0	1.8	99.00%		
25	Colombia	1.3	1.7	1.7	2.7	2.0	2.3	1.0	1.8	99.73%		
26	China	1.3	1.3	1.0	3.0	1.7	1.3	2.0	1.6	99.92%		
27	Venezuela	1.0	1.7	2.0	1.3	1.0	1.7	2.0	1.5	100.00%		

\* FTSE was the source of the market capitalization values used in this column for most of the countries in this analysis. IFC's market capitalization values were used for Jordan, Sri Lanka, and Venezuela, as these countries are not included in the FTSE All World All Emerging Markets Index. All values are as of December 31, 2005.